
SENATE BILL 6844

State of Washington 60th Legislature 2008 Regular Session

By Senators Spanel, Brandland, and Rasmussen

Read first time 01/28/08. Referred to Committee on Ways & Means.

1 AN ACT Relating to the taxation of grocery distribution
2 cooperatives; and amending RCW 82.04.298.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

4 **Sec. 1.** RCW 82.04.298 and 2001 1st sp.s. c 9 s 1 are each amended
5 to read as follows:

6 (1) The amount of tax with respect to a qualified grocery
7 distribution cooperative's sales of groceries or related goods for
8 resale, excluding items subject to tax under RCW 82.04.260(4), to
9 customer-owners of the grocery distribution cooperative is equal to the
10 gross proceeds of sales of the grocery distribution cooperative
11 multiplied by the rate of one and one-half percent.

12 (2) A qualified grocery distribution cooperative is allowed a
13 deduction from the gross proceeds of sales of groceries or related
14 goods for resale, excluding items subject to tax under RCW
15 82.04.260(4), to customer-owners of the grocery distribution
16 cooperative that is equal to the portion of the gross proceeds of sales
17 for resale that represents the actual cost of the merchandise sold by
18 the grocery distribution cooperative to customer-owners.

1 (3) The definitions in this subsection apply throughout this
2 section unless the context clearly requires otherwise.

3 (a) "Grocery distribution cooperative" means an entity that sells
4 groceries and related items to customer-owners of the grocery
5 distribution cooperative and has customer-owners, in the aggregate, who
6 own a majority of the outstanding ownership interests of the grocery
7 distribution cooperative or of the entity controlling the grocery
8 distribution cooperative. "Grocery distribution cooperative" includes
9 an entity that controls a grocery distribution cooperative.

10 (b) "Qualified grocery distribution cooperative" means:

11 (i) A grocery distribution cooperative that has been determined by
12 a court of record of the state of Washington to be not engaged in
13 wholesaling or making sales at wholesale, within the meaning of RCW
14 82.04.270 or any similar provision of a municipal ordinance that
15 imposes a tax on gross receipts, gross proceeds of sales, or gross
16 income, with respect to purchases made by customer-owners, and
17 subsequently changes its form of doing business to make sales at
18 wholesale of groceries or related items to its customer-owners; or

19 (ii) A grocery distribution cooperative that has acquired
20 substantially all of the assets of a grocery distribution cooperative
21 described in (b)(i) of this subsection.

22 (c) "Customer-owner" means a person who has an ownership interest
23 in a grocery distribution cooperative and purchases groceries and
24 related items at wholesale from that grocery distribution cooperative.

25 (d) "Controlling" means holding fifty percent or more of the voting
26 interests of an entity and having at least equal power to direct or
27 cause the direction of the management and policies of the entity,
28 whether through the ownership of voting securities, by contract, or
29 otherwise.

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